

April 15, 2004

Superintendents Business Managers, and
Special Education Directors of Rhode Island Public Schools

Re Medicaid in the Schools

Dear Colleagues:

As you know, for several years, the Medicaid authority has approved Individual Education Program (IEP) development as an activity eligible for Medicaid reimbursement. We regret that due to a change in policy at the Federal level, the Rhode Island Department of Human Services, through John Young, Medicaid Administrator, has announced that it will no longer be able to reimburse LEAs for the development of IEPs. I have enclosed for your reference Mr. Young's letter. The effective date for this change is April 1, 2004.

IEPs developed after April 1, 2004 will no longer be eligible for reimbursement (Federal Financial Participation **RI service code x 2001**). Previously, reimbursement was set at just over half of the IEP development cost of \$150.00 per IEP (yielding just over \$75 of federal reimbursement per IEP). Approximately 15,000 children of the 33,000 receiving special education services in Rhode Island are Medicaid eligible. Thus, the development work on roughly 15,000 IEPs per year that were previously being reimbursed at approximately \$75 per IEP will no longer realize federal financial participation.

Mr. Young did attempt to petition the federal authorities to reconsider this interpretation but was unsuccessful. The broader issue of the cumulative effect of rule changes and interpretations by the federal Medicaid authorities impacting on LEA reimbursements has been addressed by the Council of Chief State School Officers IDEA reauthorization position paper. There have been significant policy shifts at the federal level with the effect of reducing Medicaid reimbursement to LEAs overall.

If you have any questions regarding the foregoing information, please do not hesitate to contact Thomas P. DiPaola, Ph.D., at (401) 222-4600 ext. 2301. Thank you.

Very truly yours,

Peter McWalters
Commissioner

c: John Young, Department of Human Services
Thomas P. DiPaola, Ph.D., Director, Office of Special Populations, RIDE
Jennifer L. Wood, Chief Legal Counsel/Chief of Staff, RIDE